

## Message Text

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PAGE 01 BERN 00457 271756Z  
ACTION EUR-12

INFO OCT-01 ISO-00 SP-02 USIA-06 AID-05 EB-08 NSC-05  
TRSE-00 SS-15 STR-06 OMB-01 CEA-01 CIAE-00  
COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03  
LAB-04 SIL-01 /082 W  
-----060243 280702Z /21

R 271600Z JAN 78  
FM AMEMBASSY BERN  
TO SECSTATE WASHDC 5670

C O N F I D E N T I A L BERN 457

PASS FRB AND TREAS

EO 11652: GDS  
TAGS: ECON, EFIN, SZ, US  
SUBJ: BANK FOR INTL SETTLEMENT VIEWS ON US ECONOMIC POLICY

1. DISCUSSIONS WITH TOP OFFICIALS OF BANK  
FOR INTL SETTLEMENTS (BIS) AND IN PARTICULAR ITS  
GEN MGR, RENE LARRE, WERE FIRST I HAVE HAD IN  
SWITZERLAND AT WHICH I RECEIVED A FAVORABLE AND  
PRAGMATIC VIEW OF CURRENT DIRECTIONS IN US  
ECONOMIC POLICY. LARRE MADE A POINT OF TELLING ME  
THAT HE THOUGHT WHAT WE ARE DOING FULLY REFLECTS  
THE REALITIES OF SITUATION IN WHICH WE FIND OURSELVES  
AND, IN LONG RUN, WILL BE BENEFICIAL TO WESTERN  
COMMUNITY. IRRESPECTIVE OF SHORT-TERM DISCOMFORT  
OF SWISS AND GERMANS IN PARTICULAR, THE WORST  
POLICY FORMULATION WE COULD ADOPT WOULD BE A DRASTIC  
EFFORT TO REDUCE OUR BALANCE-OF-PAYMENTS SURPLUS  
THROUGH DEFLATIONARY DOMESTIC ECONOMIC MEASURES.  
WHILE THE SWISS AND GERMANS ARE INDEED UNHAPPY, OTHER  
WESTERN EUROPEAN COUNTRIES, SPECIFICALLY FRANCE, ARE  
NOT; ON THE CONTRARY.

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2. I ASKED FOR BIS VIEWS ON PRIVATE LENDING TO  
FOREIGN GOVTS, PARTICULARLY IN EASTERN EUROPE.  
LAMFALUSSY (ECONOMIC ADVISER, HEAD OF MONETARY AND  
ECONOMIC DEPT, BIS) RESPONDED TO THIS QUESTION,  
INDICATING THAT ALTHOUGH LEVELS OF DEBT WERE HIGH  
HE FELT THE RISKS WERE SPREAD INSUCH A WAY AS TO  
PRECLUDE POSSIBILITY OF SERIOUS DIFFICULTIES AND

THAT THERE SEEMED TO BE LITTLE CONCERN ABOUT ABILITY

OF EASTERN EUROPEANS TO PAY THEIR DEBTS.

WARNER

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NNN

## Message Attributes

**Automatic Decaptoning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** POLICIES, BANKS, ECONOMIC PROGRAMS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 27 jan 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978BERN00457  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D780042-0391  
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**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 3704073  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** BANK FOR INTL SETTLEMENT VIEWS ON US ECONOMIC POLICY  
**TAGS:** ECON, EFIN, SZ, US  
**To:** STATE  
**Type:** TE  
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**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014